

mBank Hipoteczny

Update

Ratings

Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2

National

National Long-Term Rating	AA-(pol)
National Short-Term Rating	F1+(pol)

Support Rating	2
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Last Rating Action: Affirmed at 'BBB' on 18 January 2017

Outlooks

Foreign-Currency Long-Term IDR	Stable
National Long-Term Rating	Stable

Financial Data

mBank Hipoteczny

	31 Dec 16	31 Dec 15
Total assets (USDm)	2,548.2	2,158.1
Total assets (PLNm)	10,649.5	8,419.1
Total equity (PLNm)	903.7	782.3
Operating profit (PLNm)	46.8	27.6
Net income (PLNm)	23.4	18.8
Operating ROAA (%)	0.5	0.4
Operating ROAE (%)	5.6	3.9
Pre-impairment operating ROAA (%)	0.7	0.7
Impaired loans ratio (%)	3.3	2.7
Fitch Core Capital ratio (%)	13.6	14.5
CET 1 ratio (%)	11.5	11.9

Key Rating Drivers

Support Drives IDRs: mBank Hipoteczny's (mBH) Issuer Default Ratings (IDRs) are equalised with those of its direct parent, mBank SA (BBB/Stable), based on Fitch Ratings' opinion of a high probability that the bank would be supported by mBank, if required. Support for mBH could come directly from its parent or flow from its ultimate parent, Commerzbank (BBB+/Stable). The Stable Outlook reflects that on mBank.

The high probability of support reflects mBH's core role in the mBank group. It is a key and integral part of mBank's business (a retail mortgage lending arm) and there is a high level of management and operational integration, 100% ownership, and a long and successful history of supporting the objectives of mBank group. Our opinion is underpinned by the significant funding support by mBank and the easily manageable potential cost of support, given mBH's small size (about 8% of mBank's assets).

Core Role Further Strengthened: The bank's core role within the mBank group is based on its ability to issue stable long-term funding for the group in the form of covered bonds to finance mainly retail mortgage lending, but also commercial real estate lending. The bank's role was strengthened in late 2016 as it is now underwriting all the group's retail mortgage loans. Furthermore, mBH serves as a competence centre for the commercial real estate lending of the group.

Close Integration and Oversight: The bank is tightly supervised by the parent in both the business and risk-management functions. Underwriting standards are aligned with those of mBank and combined with mBH's in-house expertise on commercial real estate financing.

Funding Dependent on mBank: Total funding comprises covered bonds (55% at end-2016; end-2015: 54%) as well as a significant share of parent funding (end-2016: 46%; end-2015: 42%). The bank plans a net increase in covered bonds this year, similar to the level achieved in 2016. Covered bonds only represent about 4.5% of mBank group funding.

Parental Support of Liquidity and Capital: The bank's refinancing risk is mitigated by on- and off-balance-sheet funding from mBank, including PLN732 million (or 14% of third-party funding at end-2016) of unused credit lines. mBH has a strong capital position with a Fitch Core Capital ratio of 13.6% at end-2016 that benefits from parent capital support, which Fitch expects to remain in place in the medium term.

Profitability Remains a Challenge: The bank's modest profitability is driven by its fairly thin margin business of mortgage lending funded with relatively expensive covered bonds (in the low-interest-rate environment). However, mBH's small profit contribution to the mBank group should also be seen in light of other income from cross-selling (generated at the parent level) and mBank's access to long-term and stable funding.

Rating Sensitivities

Change in mBank Support: The IDRs and Support Rating for mBH are sensitive to any change in the parent's ability or propensity to provide support. Fitch views mBank's propensity to support mBH as unlikely to change, reflecting the equalisation of ratings between the parent and subsidiary. The IDRs of mBH are also sensitive to changes in Commerzbank's IDRs and Fitch's assessment of Commerzbank's propensity to provide support. However, Fitch does not expect any such changes in the Outlook horizon.

Related Research

[Fitch Affirms Three Polish Banks \(January 2017\)](#)

[Polish Covered Bonds' Legislative Framework \(January 2017\)](#)

[Fitch Affirms 1 Polish Covered Bond Programme at 'A'; Places 1 on RWE \(December 2016\)](#)

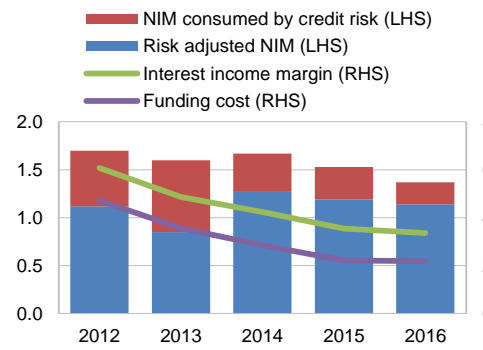
[mBank SA – Ratings Navigator \(January 2017\)](#)

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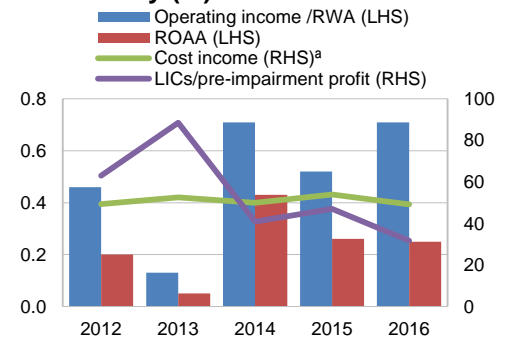
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Margins (%)



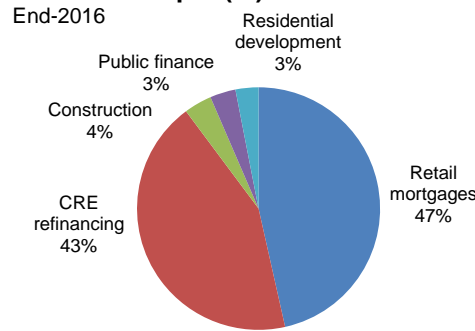
Source: mBH, Fitch

Profitability (%)



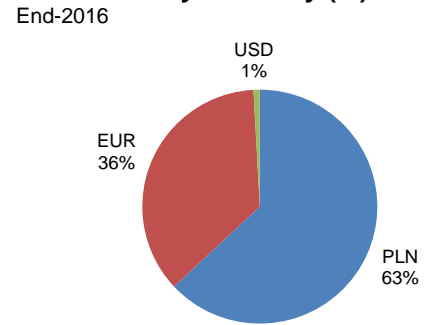
ª 2016 C/I excludes bank tax
Source: mBH, Fitch

Loan Book Split (%)



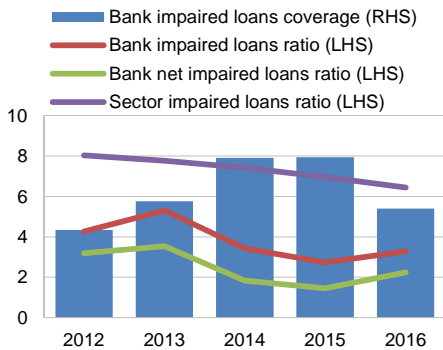
Source: mBH, Fitch

Loan Book By Currency (%)



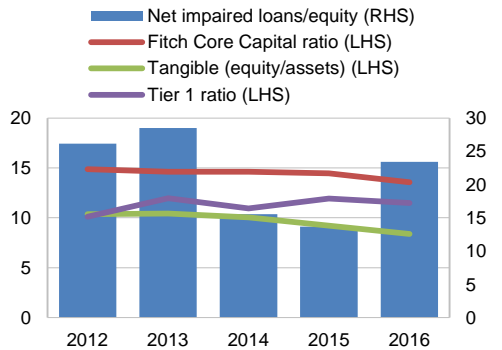
Source: mBH, Fitch

Asset Quality (%)



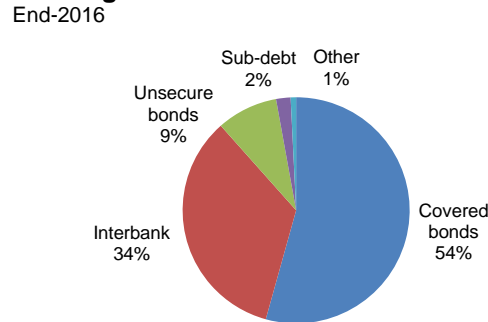
Source: mBH, NBP, Fitch

Capital and Leverage (%)



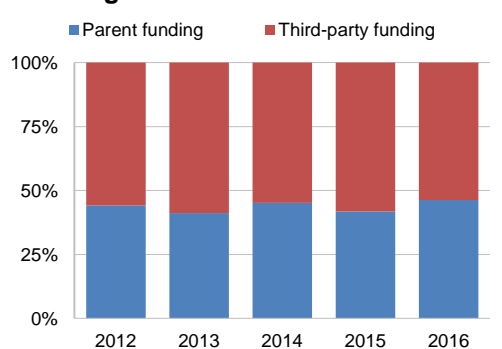
Source: mBH, Fitch

Funding Mix



Source: mBH, Fitch

Funding Sources



Source: mBH, Fitch

Related Criteria

[Global Bank Rating Criteria \(November 2016\)](#)

[National Scale Ratings Criteria \(March 2017\)](#)

mBank Hipoteczny
Income Statement

	31 Dec 2016			31 Dec 2015			31 Dec 2014			31 Dec 2013		
	Year End USDm	Year End PLNm	As % of Earning Assets	Year End PLNm	As % of Earning Assets	Year End PLNm	As % of Earning Assets	Year End PLNm	As % of Earning Assets			
	Audited - Unqualified	Audited - Unqualified		Audited - Unqualified		Audited - Unqualified		Audited - Unqualified				
1. Interest Income on Loans	66.7	278.6	2.63	227.0	2.71	183.2	2.99	182.7	3.90			
2. Other Interest Income	9.6	40.0	0.38	29.3	0.35	35.8	0.58	44.4	0.95			
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Gross Interest and Dividend Income	76.2	318.6	3.00	256.3	3.06	219.0	3.57	227.1	4.85			
5. Interest Expense on Customer Deposits	0.2	0.9	0.01	0.9	0.01	1.7	0.03	2.0	0.04			
6. Other Interest Expense	44.9	187.6	1.77	144.6	1.73	131.1	2.14	150.3	3.21			
7. Total Interest Expense	45.1	188.5	1.78	145.5	1.74	132.8	2.17	152.3	3.25			
8. Net Interest Income	31.1	130.1	1.23	110.8	1.32	86.2	1.41	74.8	1.60			
9. Net Gains (Losses) on Trading and Derivatives	0.4	1.7	0.02	(0.4)	(0.00)	12.3	0.20	3.2	0.07			
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-			
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Net Fees and Commissions	0.4	1.5	0.01	6.5	0.08	4.0	0.07	3.7	0.08			
14. Other Operating Income	0.3	1.1	0.01	(2.2)	(0.03)	(0.3)	(0.00)	1.0	0.02			
15. Total Non-Interest Operating Income	1.0	4.3	0.04	3.9	0.05	16.0	0.26	7.9	0.17			
16. Personnel Expenses	8.3	34.6	0.33	32.7	0.39	28.4	0.46	22.8	0.49			
17. Other Operating Expenses	7.5	31.4	0.30	29.6	0.35	22.7	0.37	20.6	0.44			
18. Total Non-Interest Expenses	15.8	66.0	0.62	62.3	0.74	51.1	0.83	43.4	0.93			
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	0.1	0.00			
20. Pre-impairment Operating Profit	16.4	68.4	0.64	52.4	0.63	51.1	0.83	39.4	0.84			
21. Loan Impairment Charge	5.2	21.6	0.20	24.8	0.30	20.9	0.34	34.9	0.74			
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-			
23. Operating Profit	11.2	46.8	0.44	27.6	0.33	30.2	0.49	4.5	0.10			
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	5.7	0.12			
26. Non-recurring Expense	0.0	0.0	0.00	0.8	0.01	0.7	0.01	5.3	0.11			
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
28. Other Non-operating Income and Expenses	(4.0)	(16.7)	(0.16)	n.a.	-	n.a.	-	n.a.	-			
29. Pre-tax Profit	7.2	30.1	0.28	26.8	0.32	29.5	0.48	4.9	0.10			
30. Tax expense	1.6	6.7	0.06	8.0	0.10	7.1	0.12	2.7	0.06			
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
32. Net Income	5.6	23.4	0.22	18.8	0.22	22.4	0.37	2.2	0.05			
33. Change in Value of AFS Investments	(0.5)	(2.0)	(0.02)	(0.9)	(0.01)	0.3	0.00	(0.9)	(0.02)			
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
36. Remaining OCI Gains/(losses)	0.0	0.0	0.00	0.0	0.00	(0.1)	(0.00)	0.0	0.00			
37. Fitch Comprehensive Income	5.1	21.4	0.20	17.9	0.21	22.6	0.37	1.3	0.03			
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
39. Memo: Net Income after Allocation to Non-controlling Interests	5.6	23.4	0.22	18.8	0.22	22.4	0.37	2.2	0.05			
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			

Exchange rate

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

USD1 = PLN3.012

mBank Hipoteczny
Balance Sheet

	31 Dec 2016			31 Dec 2015			31 Dec 2014			31 Dec 2013		
	Year End USDm	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	
Assets												
A. Loans												
1. Residential Mortgage Loans	1,054.6	4,407.4	41.39	2,641.4	31.37	863.0	13.97	95.7	2.00			
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00			
4. Corporate & Commercial Loans	1,186.1	4,957.2	46.55	4,701.3	55.84	4,375.5	70.84	4,024.9	84.16			
5. Other Loans	35.5	148.2	1.39	146.4	1.74	174.9	2.83	0.0	0.00			
6. Less: Reserves for Impaired Loans	24.3	101.4	0.95	97.4	1.16	87.7	1.42	75.6	1.58			
7. Net Loans	2,251.9	9,411.4	88.37	7,391.7	87.80	5,325.7	86.23	4,045.0	84.58			
8. Gross Loans	2,276.2	9,512.8	89.33	7,489.1	88.95	5,413.4	87.65	4,120.6	86.16			
9. Memo: Impaired Loans included above	74.9	312.9	2.94	204.3	2.43	184.9	2.99	218.7	4.57			
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
B. Other Earning Assets												
1. Loans and Advances to Banks	3.9	16.3	0.15	205.2	2.44	31.0	0.50	22.3	0.47			
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Derivatives	10.8	45.2	0.42	32.2	0.38	37.3	0.60	12.9	0.27			
5. Available for Sale Securities	271.3	1,134.0	10.65	748.5	8.89	735.2	11.90	605.8	12.67			
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
9. Total Securities	282.2	1,179.2	11.07	780.7	9.27	772.5	12.51	618.7	12.94			
10. Memo: Government Securities included Above	271.3	1,134.0	10.65	748.5	8.89	735.2	11.90	605.8	12.67			
11. Memo: Total Securities Pledged	21.7	90.7	0.85	68.4	0.81	202.7	3.28	1.5	0.03			
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
15. Total Earning Assets	2,538.0	10,606.9	99.60	8,377.6	99.51	6,129.2	99.24	4,686.0	97.98			
C. Non-Earning Assets												
1. Cash and Due From Banks	1.3	5.6	0.05	7.5	0.09	7.7	0.12	7.4	0.15			
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Foreclosed Real Estate	0.8	3.4	0.03	6.8	0.08	8.2	0.13	8.2	0.17			
4. Fixed Assets	1.8	7.6	0.07	7.5	0.09	7.2	0.12	9.1	0.19			
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Other Intangibles	3.2	13.4	0.13	8.2	0.10	5.1	0.08	3.6	0.08			
7. Current Tax Assets	0.0	0.0	0.00	1.6	0.02	1.0	0.02	0.6	0.01			
8. Deferred Tax Assets	2.1	8.6	0.08	7.2	0.09	11.4	0.18	13.1	0.27			
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
10. Other Assets	1.0	4.0	0.04	2.7	0.03	6.5	0.11	54.4	1.14			
11. Total Assets	2,548.2	10,649.5	100.00	8,419.1	100.00	6,176.3	100.00	4,782.4	100.00			
Liabilities and Equity												
D. Interest-Bearing Liabilities												
1. Customer Deposits - Current	0.0	0.0	0.00	243.5	2.89	194.2	3.14	226.5	4.74			
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Customer Deposits - Term	0.0	0.0	0.00	20.7	0.25	55.8	0.90	68.7	1.44			
4. Total Customer Deposits	0.0	0.0	0.00	264.2	3.14	250.0	4.05	295.2	6.17			
5. Deposits from Banks	793.6	3,316.9	31.15	2,959.7	35.15	1,980.6	32.07	1,203.5	25.17			
6. Repos and Cash Collateral	0.2	0.8	0.01	1.2	0.01	0.0	0.00	0.0	0.00			
7. Commercial Paper and Short-term Borrowings	183.3	765.9	7.19	n.a.	-	50.1	0.81	140.8	2.94			
8. Total Money Market and Short-term Funding	977.1	4,083.6	38.35	3,225.1	38.31	2,280.7	36.93	1,639.5	34.28			
9. Senior Unsecured Debt (original maturity > 1 year)	19.3	80.6	0.76	80.6	0.96	80.6	1.30	180.7	3.78			
10. Subordinated Borrowing	48.0	200.5	1.88	200.9	2.39	100.3	1.62	100.3	2.10			
11. Covered Bonds	1,262.7	5,277.0	49.55	4,084.4	48.51	3,040.9	49.23	2,339.9	48.93			
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00			
13. Total LT Funding (original maturity > 1 year)	1,329.9	5,558.1	52.19	4,365.9	51.86	3,221.8	52.16	2,620.9	54.80			
14. Derivatives	9.3	38.9	0.37	25.3	0.30	35.2	0.57	0.3	0.01			
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
16. Total Funding	2,316.3	9,680.6	90.90	7,616.3	90.46	5,537.7	89.66	4,260.7	89.09			
E. Non-Interest Bearing Liabilities												
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Reserves for Pensions and Other	0.3	1.3	0.01	1.1	0.01	0.8	0.01	0.7	0.01			
4. Current Tax Liabilities	0.7	2.8	0.03	0.0	0.00	n.a.	-	n.a.	-			
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
9. Other Liabilities	14.6	61.1	0.57	19.4	0.23	13.3	0.22	19.0	0.40			
10. Total Liabilities	2,331.9	9,745.8	91.51	7,636.8	90.71	5,551.8	89.89	4,280.4	89.50			
F. Hybrid Capital												
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
G. Equity												
1. Common Equity	216.5	904.9	8.50	781.5	9.28	622.8	10.08	502.0	10.50			
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Securities Revaluation Reserves	(0.3)	(1.2)	(0.01)	0.8	0.01	1.7	0.03	0.0	0.00			
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
6. Total Equity	216.2	903.7	8.49	782.3	9.29	624.5	10.11	502.0	10.50			
7. Total Liabilities and Equity	2,548.2	10,649.5	100.00	8,419.1	100.00	6,176.3	100.00	4,782.4	100.00			
8. Memo: Fitch Core Capital	213.0	890.3	8.36	774.1	9.19	619.4	10.03	498.4	10.42			

Exchange rate

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

USD1 = PLN3.012

mBank Hipoteczny

Summary Analytics

	31 Dec 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.28	3.52	4.00	4.41
2. Interest Expense on Customer Deposits/ Average Customer Deposits	0.48	0.37	0.64	0.88
3. Interest Income/ Average Earning Assets	3.36	3.53	4.24	4.86
4. Interest Expense/ Average Interest-bearing Liabilities	2.18	2.21	2.85	3.56
5. Net Interest Income/ Average Earning Assets	1.37	1.53	1.67	1.60
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.14	1.19	1.27	0.85
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.37	1.53	1.67	1.60
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	3.20	3.40	15.66	9.55
2. Non-Interest Expense/ Gross Revenues	49.11	54.32	50.00	52.48
3. Non-Interest Expense/ Average Assets	0.69	0.85	0.98	0.91
4. Pre-impairment Op. Profit/ Average Equity	8.11	7.45	9.34	7.84
5. Pre-impairment Op. Profit/ Average Total Assets	0.72	0.72	0.98	0.82
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	31.58	47.33	40.90	88.58
7. Operating Profit/ Average Equity	5.55	3.92	5.52	0.90
8. Operating Profit/ Average Total Assets	0.49	0.38	0.58	0.09
9. Operating Profit / Risk Weighted Assets	0.71	0.52	0.71	0.13
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	2.78	2.67	4.09	0.44
2. Net Income/ Average Total Assets	0.25	0.26	0.43	0.05
3. Fitch Comprehensive Income/ Average Total Equity	2.54	2.54	4.13	0.26
4. Fitch Comprehensive Income/ Average Total Assets	0.22	0.25	0.43	0.03
5. Taxes/ Pre-tax Profit	22.26	29.85	24.07	55.10
6. Net Income/ Risk Weighted Assets	0.36	0.35	0.53	0.06
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	13.57	14.45	14.62	14.63
2. Tangible Common Equity/ Tangible Assets	8.37	9.20	10.04	10.43
3. Tier 1 Regulatory Capital Ratio	11.49	11.94	10.95	11.98
4. Total Regulatory Capital Ratio	14.54	13.81	13.31	14.92
5. Common Equity Tier 1 Capital Ratio	11.49	11.94	0.00	0.00
6. Equity/ Total Assets	8.49	9.29	10.11	10.50
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
8. Internal Capital Generation	2.59	2.40	3.59	0.44
E. Loan Quality				
1. Growth of Total Assets	26.49	36.31	29.15	(0.57)
2. Growth of Gross Loans	27.02	38.34	31.37	(0.81)
3. Impaired Loans/ Gross Loans	3.29	2.73	3.42	5.31
4. Reserves for Impaired Loans/ Gross Loans	1.07	1.30	1.62	1.83
5. Reserves for Impaired Loans/ Impaired Loans	32.41	47.67	47.43	34.57
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	23.76	13.81	15.69	28.71
7. Impaired Loans less Reserves for Impaired Loans/ Equity	23.40	13.66	15.56	28.51
8. Loan Impairment Charges/ Average Gross Loans	0.25	0.38	0.46	0.84
9. Net Charge-offs/ Average Gross Loans	0.21	0.23	0.19	(0.14)
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	3.32	2.82	3.56	5.50
F. Funding and Liquidity				
1. Loans/ Customer Deposits	n.a.	2,834.63	2,165.36	1,395.87
2. Interbank Assets/ Interbank Liabilities	0.49	6.93	1.57	1.85
3. Customer Deposits/ Total Funding (excluding derivatives)	0.00	3.48	4.54	6.93
4. Liquidity Coverage Ratio	181.00	850.00	n.a.	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

mBank Hipoteczny
Reference Data

	31 Dec 2016			31 Dec 2015			31 Dec 2014			31 Dec 2013		
	Year End USDm	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	
A. Off-Balance Sheet Items												
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Committed Credit Lines	303.9	1,269.9	11.92	980.0	11.64	1,077.0	17.44	0.0	0.00			
7. Other Off-Balance Sheet items	853.8	3,568.2	33.51	2,700.5	32.08	3,809.7	61.68	n.a.	-	n.a.	-	
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	1,290.9	26.99			
B. Average Balance Sheet												
Average Loans	2,034.1	8,501.0	79.83	6,451.3	76.63	4,577.6	74.12	4,138.5	86.54			
Average Earning Assets	2,271.3	9,492.3	89.13	7,253.4	86.15	5,160.2	83.55	4,675.3	97.76			
Average Assets	2,281.3	9,534.3	89.53	7,297.7	86.68	5,221.8	84.55	4,784.5	100.04			
Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
Average Interest-Bearing Liabilities	2,069.4	8,648.5	81.21	6,577.0	78.12	4,658.8	75.43	4,272.1	89.33			
Average Common equity	201.8	843.2	7.92	702.2	8.34	546.4	8.85	501.1	10.48			
Average Equity	201.7	843.0	7.92	703.4	8.35	547.4	8.86	502.5	10.51			
Average Customer Deposits	44.6	186.2	1.75	245.9	2.92	266.5	4.31	226.4	4.73			
C. Maturities												
Asset Maturities:												
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Liability Maturities:												
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Subordinated Debt on Balance Sheet	48.0	200.5	1.88	200.9	2.39	100.3	1.62	100.3	2.10			
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
D. Risk Weighted Assets												
1. Risk Weighted Assets	1,570.2	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60	3,405.8	71.22			
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Fitch Core Capital Adjusted Risk Weighted Assets	1,570.2	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60	3,405.8	71.22			
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Fitch Adjusted Risk Weighted Assets	1,570.2	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60	3,405.8	71.22			
E. Equity Reconciliation												
1. Equity	216.2	903.7	8.49	782.3	9.29	624.5	10.11	502.0	10.50			
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
4. Published Equity	216.2	903.7	8.49	782.3	9.29	624.5	10.11	502.0	10.50			
F. Fitch Core Capital Reconciliation												
1. Total Equity as reported (including non-controlling interests)	216.2	903.7	8.49	782.3	9.29	624.5	10.11	502.0	10.50			
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
5. Other intangibles	3.2	13.4	0.13	8.2	0.10	5.1	0.08	3.6	0.08			
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
9. Fitch Core Capital	213.0	890.3	8.36	774.1	9.19	619.4	10.03	498.4	10.42			

Exchange Rate

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

USD1 = PLN3.012

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